

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 1.D
Mtg. Date April 19, 2016
Dept. Finance

Item Title: Financial Audit Services Agreement

Staff Contact: Gilbert Rojas, Interim Finance Director

Recommendation:

Adopt a resolution (**Attachment B**) approving an amendment to agreement for financial audit services with Badawi & Associates.

Item Summary:

In 2013 the City Council authorized a Request for Proposal (RFP) for financial audit services which resulted in Badawi & Associates being awarded a three year agreement to audit the City financial records. The agreement also provided options to extend the agreement for fiscal years ending 2016 and 2017. The staff is aware that Badawi & Associates experience in auditing the City is very valuable and useful to the City. Therefore, is recommending extending the agreement for the Fiscal Year 2016 audit.

Fiscal Impact:

The Fiscal Year 2015-16 cost for the audit will be \$23,000—this is an increase from last years audit cost of \$16,040. In addition, Badawi & Associates also prepares and submits the State Controllers Report and the Street Report. This cost will decrease from \$2,613 to \$2,000.

Environmental Review:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input type="checkbox"/> Categorical Exemption, Section [] | <input type="checkbox"/> Mitigated Negative Declaration |

Public Information:

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> None | <input type="checkbox"/> Newsletter article | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Resolution (with Agreement for Professional Services)

Attachment A

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 1.D

Mtg. Date April 19, 2016

Item Title: Financial Audit Services Agreement

Staff Contact: Gilbert Rojas, Interim Finance Director

Discussion:

The advantages of extending the services of Badawi & Associates include the following:

- Badawi & Associates has 3 years of knowledge and experience in the City's finances;
- Badawi & Associates has reasonable fees;
- Badawi & Associates received 100 percent positive feedback from cities contacted by staff;
- The partner, Mr. Ahmed Badawi, and staff at Badawi & Associates have extensive experience in auditing local government entities. Their staff has a thorough understanding of California laws and PERS. In addition, the partner is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

Staff recommends that the City Council consider the reappointment of Badawi & Associates. Staff has prepared a resolution (**Attachment B**) authorizing the execution of an amendment to the agreement between the City and Badawi & Associates.

Included with the resolution is the City's Amendment to the Agreement for Professional Services for a one year term.

Conclusion:

Staff recommends that the City Council adopt the resolution (**Attachment B**) awarding the contract to Badawi & Associates.

Attachment B

RESOLUTION NO. 2016-____

RESOLUTION OF THE LEMON GROVE CITY COUNCIL AUTHORIZING AN AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF LEMON GROVE AND BADAWI & ASSOCIATES TO PROVIDE FINANCIAL AUDITING SERVICES

WHEREAS, on January 15, 2013, the City Council authorized the release of a Request for Proposals for Audit Services; and

WHEREAS, after evaluating the firms qualified based on RFP criteria, the City Council selected Badawi & Associates to provide financial audit services; and

WHEREAS, the original agreement approved in 2013 provided for an agreement extension of auditing services beyond the original three years; and

WHEREAS, an amendment for financial auditing services has been prepared to extend audit services for Fiscal Year 2015-16.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

1. Approves the Amendment for Professional Services (**Exhibit 1**) with Badawi & Associates to provide financial audit services; and
2. Authorizes the City Manager to execute said agreement.

CITY OF LEMON GROVE
AMENDMENT TO AGREEMENT FOR PROFESSIONAL FINANCIAL AUDITING
SERVICES

This amendment is entered into the ___ day of April, 2016, by and between the City of Lemon Grove ("CITY") and Badawi & Associates ("AUDITOR");

The following sections are changed to read as follows:

Section 5. TOTAL COST AND PAYMENT.

The total cost for all work and deliverables (including the optional reports) specified in Attachment A is not to exceed Twenty Five Thousand Dollars (\$25,000) for the Fiscal Year ending June 30, 2016. AUDITOR will submit to CITY detailed invoices, describing work performed and the associated costs. CITY will pay AUDITOR for undisputed invoiced amounts within thirty (30) days of receiving an invoice.

Section 6. LENGTH OF AGREEMENT.

This agreement is effective as of the date noted above in Section 1. The agreement will terminate when all work is complete for fiscal year ending June 30, 2016.

Section 18. NOTICES.

All communication to a particular party is deemed made when received by that party at the following name and address:

Gilbert Rojas
Finance Director
City of Lemon Grove
3232 Main Street
Lemon Grove, CA 91945

Ahmed Badawi
Partner
Badawi & Associates
180 Grand Avenue, Suite 955
Oakland, CA 94612

Written communication is conclusively deemed to have been received by the addressee five (5) days after it is deposited in the United States Mail, postage prepaid and properly addressed.

CITY OF LEMON GROVE

BADAWI & ASSOCIATES

Lydia Romero, City Manager

Ahmed Badawi, Partner

Date

Date